

**BUS F734**  
**Real Estate Finance and Investments**  
**Winter 2025 Course Outline**

**Finance and Economics Area**  
**DeGroote School of Business**  
**McMaster University**

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***COURSE OBJECTIVE***

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This course prepares students to understand the risks and rewards associated with investing in and financing real estate properties. The topics include mortgage fundamentals, market analysis, appraising, valuation and investment analysis, mortgage back securities, and managing real estate portfolios.

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***INSTRUCTOR AND TA CONTACT INFORMATION***

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Instructor: **Dr. Sultan M. Awan**  
[awan@mcmaster.ca](mailto:awan@mcmaster.ca)

Course TA: **Hamidreza Masoumi**  
[masoumih@mcmaster.ca](mailto:masoumih@mcmaster.ca)

Class Schedule: WED 11:30 PM ~ 2:20 PM, Room: RJC 236  
Office Hours: After class or by appointment

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***COURSE ELEMENTS***

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Credit Value: 3	Leadership: Yes	IT skills: Yes	Global view: Yes
Avenue: Yes	Ethics: Yes	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: No	Group work: Yes	Oral skills: Yes
Evidence-based: Yes	Experiential: Yes	Final Exam: Yes	Guest speaker(s): No

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***COURSE DESCRIPTION***

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The recent turmoil in world financial markets, which has been closely tied to events in the real estate market, suggests that investors, lenders, and others who participate in the real estate market need to understand better how to evaluate the risk and return associated with the various ways of investing and lending. This course prepares students to understand the risks and rewards of investing in and financing residential and commercial real estate. The topics include mortgage fundamentals, market analysis, appraising, valuation and investment analysis, mortgage back securities, and managing real estate portfolios.

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## **LEARNING OUTCOMES**

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Upon completion of this course, students will be able to complete the following key tasks:

- Understand the basic concepts of real estate investment
  - Understand the different financing options for commercial real estate properties
  - Conduct SWTO analysis of an investment in a real estate property
  - Conduct financial analysis of real estate properties
  - Evaluate risks and investment returns in the real estate development process
  - Understand the structure of various types of mortgage-back securities
  - Understand the principles of evaluating investments in the real estate market
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## **REQUIRED COURSE MATERIALS AND READINGS**

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**Real Estate Finance and Investments**, By *William B. Brueggeman and Jeffrey D. Fisher*,  
McGraw-Hill 2024 Release ISE

<https://www.mheducation.ca/product/real-estate-finance-investments-2024-release-ise-9781266928086-can-group>

*Note: McGraw-Hill Connect is an online learning platform designed to help students engage in course content and develop critical higher-level thinking skills. However, access to McGraw-Hill Connect is not required for any evaluation activity in this course.*

For course contents such as lecture slides, assignments, other reference materials including text appendix, and course-related announcements, please visit the course webpage on Avenue:

<http://avenue.mcmaster.ca>

Texas Instruments or any other financial calculator is highly recommended for this course.

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## **EVALUATION**

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Learning in this course results primarily from lectures, in-class discussions, home readings, and assigned problem sets. Students' learning and progress in this course will be evaluated on a group and individual basis. Missed tests/exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF. Late assignments will be penalized 10% for each day they are late.

Assessment of the student's work and the final letter grades in this course will be calculated as follows:

<b>Assignment # 1</b>	Problem Set (Group of 2 students) due on Feb. 24	<b>20%</b>
<b>Midterm Exam</b>	Multiple Choice – Quantitative and Qualitative (Feb. 29)	<b>30%</b>
<b>Assignment # 2</b>	Problem Set (Group of 2 students) due on April 11	<b>20%</b>
<b>Final Exam</b>	Multiple Choice – Quantitative and Qualitative (semi-cumulative)	<b>30%</b>
	<b>Total</b>	<b>100%</b>

### ***Assigned Problem Sets***

Two quantitative problem sets will be assigned during the term. The first one will be due before the midterm and the second one will be due before the start of the final exam period. As most of the concepts and techniques required to analyze how real estate markets work with the consequences for investment decisions are highly quantitative, students are expected to practice quantitative problem sets presented in the text that require using such quantitative tools. The problem sets tested on two assigned take-home projects should allow students to practice quantitative problems with the help of the concepts and methodologies learned in class. As a fairly large number of questions on the midterm and the final will be quantitative, this evaluation exercise should help students prepare well for the exams. You may find some problems challenging. Please do your best. Serious attempts to arrive at the correct answer will be rewarded. Students are expected to work in a **self-chosen group** of a maximum of **TWO students** in each group. However, a submission from an individual student will also be accepted without any deductions of marks. The assigned problems set and the additional submission details will be posted on Avenue.

### ***Midterm and Final Exam***

Midterm and final exams will consist of multiple-choice questions ONLY. The nature and format of the questions will be similar to the ones on slides, examples discussed in class, and the ones found in assigned evaluation activities. When working on quantitative analysis of real estate investment and financing, a financial calculator is a recommended tool for doing financial calculations more efficiently. For the quantitative part of concepts related to investing, financing, and managing real estate in this course, learning the use of computational applications is a must and is highly recommended for a better show in the exams. The info on the readings for the midterm and the final exams are provided at the end of this outline and will also be posted on Avenue before each of the exams. The final exam will be semi-cumulative and only selected topics will make it to the readings list for the final. Such details will be posted on Avenue well before the final exams.

### **PLEASE NOTE:**

1. Students who do not submit the assignments by the deadline, will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence by SEAO (Student Experience Academic Office).
2. If a student misses a lecture for any reason, it is the student's responsibility to obtain class lecture notes and other relevant material from other classmates.
3. Marks for all pre-final exam evaluation activities will be posted on Avenue.

4. Your letter grade will appear on MOSAIC through official channels. Hence, marks for the final exam will not be posted on Avenue.
5. You are encouraged to contact the course instructor or course TA for any questions on the outlines, course material, evaluation scheme, and Exams in this course.

### **Grade Conversion**

At the end of the course, your overall percentage grade will be converted to your letter grade by the following conversion scheme:

LETTER GRADE	PERCENT	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

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### ***COMMUNICATION AND FEEDBACK***

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Students who are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroot.mcmaster.ca/contact/anonymous/>

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

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### ***ACADEMIC DISHONESTY***

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You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. The academic credentials you earn are rooted in principles of honesty and academic integrity. Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behavior can result in serious consequences, e.g. a grade of zero on an assignment, loss

of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

Students are responsible for being aware of and demonstrating behaviour that is honest and ethical in their academic work. Such behaviour includes:

1. Following the expectations articulated by instructors for referencing sources of information and for group work;
2. Asking for clarification of expectations as necessary;
3. Identifying testing situations that may allow copying;
4. Preventing their work from being used by others (e.g., protecting access to computer files); and
5. Adhering to the principles of academic integrity when conducting and reporting research.

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### ***AUTHENTICITY/PLAGIARISM DETECTION***

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**Some courses may** use a web-based service (Turnitin.com) to reveal the authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

**All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster’s use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

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### ***COURSES WITH AN ON-LINE ELEMENT***

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**All courses** use some online elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

Students may be required to use the Respondus LockDown Browser and Respondus Monitor. The Respondus LockDown Browser is a downloadable program that allows a student to take an Avenue to Learn quiz in a secure environment. Quizzes can be set to use LockDown Browser or LockDown Browser.

For more details about McMaster's use of Respondus Lockdown Browser please go to

<https://avenuehelp.mcmaster.ca/exec/respondus-lockdown-browser-and-respondus-monitor/>

The available information is dependent on the technology used. Continuation in a course that uses online elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

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### ***ON-LINE PROCTORING***

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**Some courses may** use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

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### ***CONDUCT EXPECTATIONS***

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As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning, and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the "Code"). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviors that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx, Teams, or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

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### ***ATTENDANCE***

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Arriving late or missing class disrupts the learning experience for both you and your peers. Punctuality and attendance are crucial to maintaining a respectful, professional, and productive environment for everyone, including our faculty.

Instructors may use Top Hat in their course in a variety of ways, including to capture attendance in their classes. Attendance is recorded by submitting a unique 4-digit code displayed in your physical classroom using your personal device.

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## ***MISSED ACADEMIC WORK***

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### ***Missed Mid-Term Examinations / Tests / Class Participation***

Please do not use the online [McMaster Student Absence Form \(MSAF\)](#) as this is for Undergraduate students only. The MBA program will not accept an MSAF.

When students miss regularly scheduled term work that contributes 10% or more to the final grade, for legitimate reasons as determined by the Student Experience – Academic Office (SEAO (Student Experience Academic Office)), the activity necessary to compensate for the missed work will be determined by the course instructor. The compensatory activities assigned will vary depending on the nature of the course and the missed requirement. They include but are not restricted to, an alternative assignment, a rescheduled midterm exam, or re-weighting the marks for the missed component to other mark components. Documentation explaining such missed work must be provided to the SEAO (Student Experience Academic Office) within five (5) working days of the scheduled date for completion of the work.

Acceptable reasons for missed work, along with the [Petition for Missed Term Work](#) and the [MBA Student McMaster University Student Health Certificate](#), can be found on the DeGroote MBA Student website ([mbastudent.degroote.mcmaster.ca](http://mbastudent.degroote.mcmaster.ca)). Please direct any questions about acceptable documentation to the MBA Academic Advisors ([askmba@mcmaster.ca](mailto:askmba@mcmaster.ca)).

University policy states that a student may submit a maximum of three (3) [Petition for Missed Term Work](#) per academic year, after which the student must meet with the Director of the program.

If term work is missed without an approved reason, students will receive a grade of zero (0) for that component.

### ***Missed Final Examinations***

Students must be available for the duration of the posted exam period regardless of their personal exam schedule. This is to ensure student availability throughout the entire exam period in the event that an exam must be rescheduled due to unforeseen circumstances (university closure, power outage, storm policy, etc.). A student who misses a final examination without valid reason will receive a mark of 0 on the examination.

Students who have missed a final exam for a valid reason can apply to the SEAO (Student Experience Academic Office) to write a deferred examination by submitting an [Application for Deferring a Final Exam](#) with supporting documentation. The application must be made within five days of the scheduled exam.

The [Application for Deferring a Final Exam](#) and the [MBA Student McMaster University Student Health Certificate](#) can be found on the DeGroote MBA Current Student website ([mbastudent.degroote.mcmaster.ca](http://mbastudent.degroote.mcmaster.ca))

Deferred examination privileges, if granted, are normally satisfied during the examination period at the end of the following semester. In select cases, the deferred examination may be written at a time facilitated by the

SEAO (Student Experience Academic Office) (Student Experience Academic Office) and agreed to by the course instructor.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

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## ***ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES***

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Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

### ***Use of Test Accommodations at McMaster University Burlington Campus Ron Joyce Centre***

Whereas Student Accessibility Services (SAS), on Main Campus, determines all MBA student accommodations, the MBA Faculty Office manages the coordination of accommodations for tests, midterms, and exams at the Ron Joyce Centre in Burlington.

#### **Process for Students**

- Students must activate their accommodation(s) (e.g., extra-time, memory aid, etc.) for each upcoming test, midterm, or exam, at least two weeks in advance. Students can do this by emailing their Instructor and the DeGroote MBA SAS scheduling office at DSBSAS@mcmaster.ca. If a student cannot meet this deadline, they should contact DSBSAS@mcmaster.ca to discuss alternative arrangements. The program is committed to exploring flexibilities where possible to support students.
- All tests, midterms, and exams are booked synchronously with the class's start time. Any deviations from the start time (e.g. start earlier than the class to enable completion at the same end time) requires a discussion with their instructor on protocol at the time of accommodation activation.
- Students will leverage the accommodation (e.g., extra-time, memory aid, etc.), in a designated testing room. Rooms will be booked according to the student's SAS accommodation. Unless the accommodation states otherwise, students should expect that they will be writing in a room with other students. One or more invigilators will always be in the room.
- Following the request to activate the accommodation(s), dsbsas@mcmaster.ca will reach out to the student with their test, midterm, or exam details, including the date, time, and room number. As there may be other students writing tests in the room, we ask that students enter the room quietly and leave all personal items at the front of the room.



All policies and procedures, including restroom access, how extra time is allocated for assessments under Universal Design, and the submission of memory aids in advance, are consistent with those of SAS on Main Campus. The only variance in the procedure is communication around, and physical location of, the assessment. There is not a dedicated testing space at RJC. Existing classrooms and lecture halls will be used for most testing. All SAS-approved accommodations will be honored by our staff; however, core testing elements are not eliminated in alternative testing formats. Students should expect and plan for invigilation, incidental noise, and other potential distractions.

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### ***RELIGIOUS, INDIGENOUS, OR SPIRITUAL OBSERVANCES (RISO) ACCOMMODATION***

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Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to the SEAO (Student Experience Academic Office) **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

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### ***COPYRIGHT AND RECORDING***

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Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright-protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

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### ***POTENTIAL MODIFICATION TO THE COURSE***

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The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

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### ***ACKNOWLEDGMENT OF COURSE POLICIES***

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Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) in the various learning activities of the MBA course will be considered to be an implicit acknowledgment of the course policies outlined above, or of any other, that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, familiarize yourself with the course policies, and act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

**COURSE SCHEDULE**

**BUS F734  
Winter 2025 Course Schedule**

<b>Date</b>	<b>Topics</b>	<b>Chapters</b>
Jan. 8	Syllabus Review, Real Estate Financing – Mortgage Loan Foundations	CH-3
Jan. 15	Real Estate Financing Costs: Fixed Rate Mortgage Loan	CH-4
Jan. 22	Real Estate Financing Costs: Floating Rate Mortgage Loan	CH-5
Jan. 29	Single-Family Housing: Pricing, Investment, and Tax Considerations	CH-7
Feb. 5	Income-producing properties: Market for leases, rents, and space	CH-9
Feb. 12	Valuation of Income-producing Properties: Appraisal and Market for Capital	CH-10
Feb. 19	<b>Midterm Recess – NO Class</b>	
Feb. 26	<b>Midterm Exam (Readings: Lecture Notes, Chapters 3, 4, 5, 7, 9, 10)</b>	
Mar. 5	Investment and Taxation Analysis of Income-Producing Properties	CH-11
Mar. 12	Income Property: Financial Leverage and Financing Alternatives	CH-12
Mar. 19	Secondary Market for Mortgage Loans I: Mortgage-Backed Securities	CH-19
Mar. 26	Secondary Market for Mortgage Loans II: CMO and Derivative Securities	CH-20
Apr. 2	Analysis of Investment Portfolios: Measurement of Return and Risk	CH-22
Apr. 9	Real Estate Portfolio Funds: Structure, Performance, Benchmarking	CH-23
<b>Apr. 13-27</b>	<b>Final Exam (Semi-Cumulative) – Scheduled by MBA Office</b>	

\* The course topics may be changed during the term at the discretion of the instructors. The instructors will notify students during regular class time in case a change in course topics is made.